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Sept. 1, 2003

BEFORE THE BOARD OF MILK CONTROL  
OF THE STATE OF MONTANA

ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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SEP 09 2003

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PUBLISHED:  
EFFECTIVE:

September 1, 2003  
October 1, 2003  
12:01 a.m.

PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%	\$16.26 /CWT
CLASS I BUTTERFAT PRICE PER POUND	\$1.32 /LB

EFFECTIVE OCTOBER 1, 2003:

The minimum price to pay milk producers, under ARM 32.24.301, is \$16.26 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 13.2 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$1.32.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%	\$10.45 /CWT
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Average spray process dry milk solids  
price per pound = \$0.85750  
Multiplied by 8.2 x 8.2

\$7.03150

\$7.03150

Last quote of the month for Grade AA butter  
minus a differential of \$.0895 = \$1.04550  
Multiplied by 4.2 x 4.2

\$4.39110

+ \$4.39110

LESS a make allowance of 8.5% ( \$11.4226 X .085)

\$11.42260

- \$0.97092

\$10.45168

Rounded to the nearest whole cent = \$10.45 /hundredweight.

EFF: October 1, 2003

**CLASS II BUTTERFAT PRICE PER POUND****\$1.16 /LB**

Last quote of the month for Grade AA butter				
minus a differential of \$.0895	=	\$1.04550	X .111 )	=
				=
Rounded to the nearest half cent				\$0.11605
				\$0.116

Butterfat value per pound		
for milk at 3.5% test:	\$1.16	

Hundredweight price of milk testing 3.5%		=	\$10.45
LESS 3.5 pounds of butterfat at	\$1.16	per pound	=
			\$4.060
Value of 96.5 pounds of skim			=
			\$6.390

**CLASS II VALUE OF  
ONE POUND OF SKIM**

6.390 / 96.5 pounds)	=	\$0.06622 /LB
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**PRODUCER CLASS III PRICE IN MONTANA**

REF: ARM 32.24.301(7)

**CLASS III PRICE PER CWT FOR MILK TESTING 3.5%****\$8.92 /CWT**

3.5 pounds of butterfat	\$0.94	per pound =	\$3.290
96.5 pounds of skim	\$0.05836	per pound =	\$5.632
			\$8.922 /CWT

**CLASS III BUTTERFAT PRICE PER POUND****\$0.94 /LB**

Last quote of the month for Grade AA butter	
minus a difference of \$.0895	=
	\$1.04550
LESS 10%	-
	\$0.10455
	\$0.94095

Rounded to the nearest whole cent	=	\$0.94	per pound.
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**CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED****\$5.83615 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.85750
Multiplied by 8.2	8.2
	\$7.03150
LESS 17%	\$1.19536
	\$5.83615

Rounded to the nearest whole cent	\$5.84	per hundredweight.
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**BY ORDER OF THE MONTANA MILK CONTROL BUREAU**

Compiled by:

*Patti Roberts*  
 Monte Nick, Bureau Chief  
 Montana Milk Control Bureau

## BREAKDOWN BY TEST FOR CLASS I, II &amp; III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$16.26 FOR 3.5% MILK 96.5 LBS = \$11.640		CLASS II SKIM PRICE BASED ON \$10.45 FOR 3.5% MILK 96.5 LBS = \$6.390		CLASS III SKIM PRICE BASED ON \$8.92 FOR 3.5% MILK 96.5 LBS = \$5.632	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.11938	2.50	\$0.06554	2.50	\$0.05776
2.55	\$0.11945	2.55	\$0.06557	2.55	\$0.05779
2.60	\$0.11951	2.60	\$0.06561	2.60	\$0.05782
2.65	\$0.11957	2.65	\$0.06564	2.65	\$0.05785
2.70	\$0.11963	2.70	\$0.06567	2.70	\$0.05788
2.75	\$0.11969	2.75	\$0.06571	2.75	\$0.05791
2.80	\$0.11975	2.80	\$0.06574	2.80	\$0.05794
2.85	\$0.11981	2.85	\$0.06577	2.85	\$0.05797
2.90	\$0.11988	2.90	\$0.06581	2.90	\$0.05800
2.95	\$0.11994	2.95	\$0.06584	2.95	\$0.05803
3.00	\$0.12000	3.00	\$0.06588	3.00	\$0.05806
3.05	\$0.12006	3.05	\$0.06591	3.05	\$0.05809
3.10	\$0.12012	3.10	\$0.06594	3.10	\$0.05812
3.15	\$0.12019	3.15	\$0.06598	3.15	\$0.05815
3.20	\$0.12025	3.20	\$0.06601	3.20	\$0.05818
3.25	\$0.12031	3.25	\$0.06605	3.25	\$0.05821
3.30	\$0.12037	3.30	\$0.06608	3.30	\$0.05824
3.35	\$0.12043	3.35	\$0.06611	3.35	\$0.05827
3.40	\$0.12050	3.40	\$0.06615	3.40	\$0.05830
3.45	\$0.12056	3.45	\$0.06618	3.45	\$0.05833
3.50	\$0.12062	3.50	\$0.06622	3.50	\$0.05836
3.55	\$0.12068	3.55	\$0.06625	3.55	\$0.05839
3.60	\$0.12075	3.60	\$0.06629	3.60	\$0.05842
3.65	\$0.12081	3.65	\$0.06632	3.65	\$0.05845
3.70	\$0.12087	3.70	\$0.06636	3.70	\$0.05848
3.75	\$0.12094	3.75	\$0.06639	3.75	\$0.05851
3.80	\$0.12100	3.80	\$0.06642	3.80	\$0.05854
3.85	\$0.12106	3.85	\$0.06646	3.85	\$0.05857
3.90	\$0.12112	3.90	\$0.06649	3.90	\$0.05860
3.95	\$0.12119	3.95	\$0.06653	3.95	\$0.05863
4.00	\$0.12125	4.00	\$0.06656	4.00	\$0.05867
4.05	\$0.12131	4.05	\$0.06660	4.05	\$0.05870
4.10	\$0.12138	4.10	\$0.06663	4.10	\$0.05873
4.15	\$0.12144	4.15	\$0.06667	4.15	\$0.05876
4.20	\$0.12150	4.20	\$0.06670	4.20	\$0.05879
4.25	\$0.12157	4.25	\$0.06674	4.25	\$0.05882
4.30	\$0.12163	4.30	\$0.06677	4.30	\$0.05885
4.35	\$0.12169	4.35	\$0.06681	4.35	\$0.05888
4.40	\$0.12176	4.40	\$0.06684	4.40	\$0.05891
4.45	\$0.12182	4.45	\$0.06688	4.45	\$0.05894
4.50	\$0.12188	4.50	\$0.06691	4.50	\$0.05897

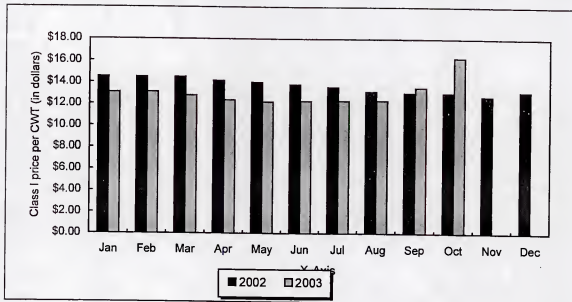
## PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2002 and 2003

Statistics from the Montana Milk Control Bureau

Month	2002	2003	Difference	% Change
January	\$14.53	\$13.07	(\$1.46)	-10.05%
February	\$14.51	\$13.11	(\$1.40)	-9.65%
March	\$14.50	\$12.78	(\$1.72)	-11.86%
April	\$14.17	\$12.36	(\$1.81)	-12.77%
May	\$14.02	\$12.19	(\$1.83)	-13.05%
June	\$13.81	\$12.26	(\$1.55)	-11.22%
July	\$13.58	\$12.29	(\$1.29)	-9.50%
August	\$13.17	\$12.32	(\$0.85)	-6.45%
September	\$13.03	\$13.52	\$0.49	3.76%
October	\$13.01	\$16.26	\$3.25	24.98%
November	\$12.70			
December	<u>\$13.15</u>			
Average	\$13.68	\$13.02	(\$0.82)	-5.58%

Prices are per hundredweight (CWT).

Completion of pooling (prior to audit) shows the producer quota blend prices to be:

JUL 2003: class I = \$6.79; class II = \$1.66; Class III = \$2.61; total = \$11.06

(calculations based upon utilization percentages of butterfat &amp; skim)